

11/19/2004



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1 BEFORE THE ARIZONA CORPORATION

2

3 IN THE MATTER OF THE INVESTIGATION )  
 4 INTO THE BILLING PRACTICES OF )  
 5 TELECOMMUNICATION PROVIDERS IN )  
 6 ARIZONA. )

DOCKET NO.  
 T-00000D-04-0582

5

6 IN THE MATTER OF DISSEMINATION OF )  
 7 INDIVIDUAL CUSTOMER PROPRIETARY )  
 8 NETWORK INFORMATION BY )  
 9 TELECOMMUNICATIONS CARRIERS. )

DOCKET NO.  
 RT-00000J-02-0066  
 PUBLIC COMMENT  
 SPECIAL OPEN MEETING

9

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11 AT: Lake Havasu City, Arizona

12 Date: November 19, 2004

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16 REPORTER'S TRANSCRIPT OF PROCEEDINGS

17

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24 ACC

25

**ORIGINAL**

1 BE IT REMEMBERED that the above-entitled and  
2 numbered matter came on regularly to be heard before the  
3 Arizona Corporation Commission, at the Mohave County  
4 Library, 1770 McCulloch Boulevard, Lake Havasu City,  
5 Arizona, commencing at 1:02 p.m. on the 19th of November,  
6 2004.

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8 BEFORE: MARC SPITZER, Chairman  
9 KRISTIN K. MAYES, Commissioner

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BONNIE LINDSEY  
Certified Court Reporter  
Certificate No. 50715

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1 CHAIRMAN SPITZER: Let's go on the record.

2 This is the time set for the Arizona Corporation  
3 Commission public comment session, Lake Havasu City, on  
4 telecommunications. I am Marc Spitzer, the Chairman of  
5 the Commission.

6 To my left is Commissioner Kris Mayes also from  
7 the Commission. Two of our commissioners are down with  
8 the flu in Phoenix and were unable to travel, but they  
9 convey their regrets in not being here.

10 We have a court reporter who is transcribing the  
11 entirety of the proceedings of this meeting, and that  
12 transcript will be available for review by all of the  
13 commissioners and will be part of the record in this  
14 proceeding.

15 And again, this proceeding has to do with two  
16 aspects of telecommunications, and we're here to take a  
17 comment on either one of those or both. The first issue  
18 is the matter of what we've described as Truth in Billing  
19 that Commissioner Mundell started sometime several months  
20 ago. Commissioner Mayes has continued with that.

21 And there is a great degree of confusion, anger,  
22 unsettledness, whatever adjective you choose to attach to  
23 people's telephone bills -- whether they be fixed line,  
24 wireless -- in terms of not understanding the bills, being  
25 charged for services that they didn't order, unnecessary

1 charges, inappropriate charges that are added onto the  
2 bills by various companies.

3 It makes it very difficult for consumers to  
4 intelligently choose to compare their telecommunications  
5 carriers. And this is a matter that needs a full  
6 discussion. We've got a lot of competition, and that's  
7 good; and consumers should be able to choose a telephone  
8 company based on price and quality service, whether it's a  
9 wire line, whether it's a cell phone.

10 You're going to have telephone service over  
11 power lines that's been approved by the FCC. Cable  
12 companies are offering basic telephone service, and so  
13 it's -- There is now voice over internet.

14 If you have a broadband connection, you're going  
15 to be able to use a handset into your computer and not  
16 even use the telephone network. My kid could play  
17 Dungeons and Dragons with a kid in Sweden over the  
18 computer without ever using the phone system.

19 So there is a lot of good things out there, but  
20 with the good comes the bad. And the bad is a lot of  
21 discussion and very, very much unhappiness from all across  
22 the state.

23 So we have held hearings throughout the state.  
24 Last night we were in Kingman. Today we're in Lake Havasu  
25 City, of course, and the purpose is to build a record by

1 hearing views of the people of this community, and we're  
2 very pleased to be here.

3 Commissioner Mayes.

4 COM. MAYES: Thank you, Mr. Chairman. It  
5 is good to be here in Lake Havasu and in Mohave County and  
6 always appreciate the chance to come up here and to get  
7 out of Phoenix. And every time we do one of these public  
8 comment sessions, I can say for certain that we learn  
9 something new.

10 And so I'm looking forward to hearing what you  
11 have to say. The Chairman basically covered -- you know,  
12 did a good job of covering what we're about and what we're  
13 trying to do.

14 But one of the examples of this growing problem  
15 of phone companies adding surcharges and fees to your  
16 bills is something that I've been very concerned about  
17 very recently, and that is Qwest's decision recently to  
18 add a \$2.99 fee to their long distance program. And this  
19 is the kind of thing that you're seeing all over the place  
20 with lots of different phone companies.

21 But what they did -- what Qwest long distance  
22 did was they started a long distance program and then  
23 about six months later -- and this was, I think, early  
24 part of 2004, maybe late 2003. But six months later after  
25 drawing a lot of people into their long distance plan with

1 a no-monthly-fee promise, they decided to tack on a \$2.99  
2 charge.

3 And overnight without much warning, really  
4 without any warning at all, people started to see this  
5 \$2.99 fee on their bills. And they were kind of caught  
6 off guard, and they wondered what was going on. And a lot  
7 of people started referring to it as a classic bait and  
8 switch scam.

9 You know, this may come before us as what's  
10 called an order to show cause, so I can't say whether I  
11 think it's a classic bait and switch scam. But I can say  
12 that I know that it caused a lot of people alarm.

13 Qwest never came to the Corporation Commission  
14 for approval to add those charges onto your bill. And I  
15 think one of the questions we have is whether or not they  
16 should have and whether under the law they had a duty to  
17 do that.

18 I spoke to -- And again, I'm describing this  
19 just because it's an example of what we're seeing happen  
20 all over the place. But I spoke to two Qwest executives  
21 within the last month or so, and I asked them why they did  
22 this to their customers. And both of them were pretty  
23 up-front.

24 They admitted that it was simply a way for them  
25 to raise revenue. And the question is whether or not they

1 have a right to do that without our permission and without  
2 giving you some opportunity to object. So we will be  
3 looking at that issue.

4 The Chairman touched on this issue briefly,  
5 also. He has been leading the charge to get a bill passed  
6 in the legislature to give the Corporation Commission more  
7 oversight over wireless -- over complaints about wireless  
8 companies.

9 Right now the Corporation -- there is nobody in  
10 Arizona that has the authority to regulate wireless  
11 companies on slamming and cramming. That's when these  
12 companies add charges to your bill or switch you to  
13 another company.

14 We can do that on wire line, on hard lines, but  
15 we can't do that with cell phone companies. And so the  
16 Chairman has been leading the charge, and we are with him  
17 all the way to try and get the Corporation Commission the  
18 ability to help consumers when they have concerns about  
19 their wireless companies.

20 So again, that's -- I think I'll stop there.  
21 I'm looking forward to hearing what you all have to say  
22 and to noting your concerns. And if you have any concerns  
23 that we can deal with directly, we will.

24 CHAIRMAN SPITZER: Thank you, Commissioner.  
25 And the record should reflect that these proceedings are

1 obviously being monitored by Mohave County, the office of  
2 Supervisor Johnson, and we appreciate that as well.

3 The first speaker -- And again, the court  
4 reporter is going to transcribe this proceeding, so your  
5 comments not only will be vocalized to us today but will  
6 be part of the record and will be available to all the  
7 commissioners.

8 Frances Lutz.

9 MS. LUTZ: Well, unfortunately, I generally  
10 go through my old mail, and I went and shredded my early  
11 phone bills. I have the last two, and the reason I kept  
12 them is because all of the sudden my base charge was \$5  
13 more.

14 And I'm looking at these charges; and I think  
15 that when I -- I don't know what you call it -- interpret  
16 these charges, I'm being charged three times instead of  
17 once for my Single Party Residence Service. That's still  
18 the 9.40, which it always was.

19 Then they have something called Primary  
20 Residence for 6.50. Doesn't that sound -- the same thing?  
21 And then there is something called LNP Surcharge for three  
22 more dollars. And then further down, they have something  
23 called Carrier Cost Recovery Surcharge for another \$.99.

24 Now, isn't this getting a little bit --  
25 duplicate stuff?



1 CHAIRMAN SPITZER: It is. And you can make  
2 copies -- Our staff will make a copy for you.

3 MS. LUTZ: Now, my long distance charges  
4 are very reasonable. I looked at them and I said, "Can I  
5 really talk to Washington, D.C., for ten cents?"

6 Now, that's very good. But are they trying to  
7 make up on their long distance by really socking to it for  
8 the local service?

9 COM. MAYES: Who are your providers?

10 MS. LUTZ: This is Frontier.

11 COM. MAYES: You have Frontier. Do you  
12 they provide -- Do they give both local and long distance  
13 for you?

14 MS. LUTZ: Yes, they do.

15 But this has been -- I started with Citizens and  
16 then we went to another one, and now it's this.

17 CHAIRMAN SPITZER: And we do have people  
18 from that company who can respond as well. Let me try and  
19 answer your questions. It is very confusing, and there  
20 are a lot of taxes.

21 MS. LUTZ: Well, I don't mind paying for  
22 the 911. I understand that. That sort of thing is -- But  
23 it's on there. I know what it is.

24 CHAIRMAN SPITZER: Right.

25 MS. LUTZ: And they change it from month to

1 month, too, I'm sure. My October bill called it a Carrier  
2 Cost Recovery Surcharge. The one for this month is  
3 called -- Oh. It's called the same thing.

4 LNP Surcharge. I have no idea what these -- and  
5 Nonrecurring Charges. This is -- you know. Why should I  
6 pay for -- That sounds to me like they're charging me for  
7 something that I might have rather than what I have.

8 CHAIRMAN SPITZER: That's why we're here,  
9 because people are angry and confused and frustrated.

10 MS. LUTZ: And this is really -- And all of  
11 it without any notice, and I thought that's what you guys  
12 were for.

13 CHAIRMAN SPITZER: Yes. Yes.

14 MS. LUTZ: But you can have copies of  
15 these.

16 COM. MAYES: We would like to have copies  
17 of that, and I would like to look into what the Primary  
18 Residence Charge is relative to the Single Party Residence  
19 Service.

20 You know, you point out the issue of notice.  
21 You're right. That's why, for instance, I thought Qwest  
22 had a duty to come to the Commission and get our approval  
23 before they put that surcharge on people's bills. I know  
24 you don't have Qwest. But it's -- you know.

25 MS. LUTZ: Well, one seems to be as bad as

1 the other.

2 COM. MAYES: Yeah. Yeah. But one of the  
3 reasons we have a state law and we have a Corporation  
4 Commission is that that is the beginning of the notice  
5 process. One, we can either approve it or deny; and two,  
6 we can start to give people a heads-up that these things  
7 are coming, you know.

8 One of the things that I was so upset about when  
9 the UniSource Natural Gas price increases started was that  
10 UniSource did an abysmal job of notifying that those price  
11 increases were coming, and they just basically whacked  
12 people over the head. And it wasn't fair, and that's part  
13 of the mission of this Commission.

14 And so another issue that you raised was: What  
15 are all of these things? LNP; you shouldn't be expected  
16 to know what that is, but it's Local Number Portability.  
17 It's a charge that companies may charge you for the  
18 ability for you to transfer your phone number to --  
19 basically to carry your phone number with you.

20 MS. LUTZ: So this is one of those where  
21 they're charging you for something that maybe you'll do in  
22 the future instead of when you do it?

23 CHAIRMAN SPITZER: Yes. Yes.

24 MS. LUTZ: That is absolutely fraudulent.

25 CHAIRMAN SPITZER: Well, we will get you a

1 very detailed analysis. These charges differ company to  
2 company, and that's another confusing aspect.

3 Because when we go buy gasoline, it says 2.19,  
4 2.19. And if a service station is a buck eighty-nine,  
5 it's going to get a lot of business; and if another  
6 service station is 2.81, they're not going to get any  
7 business.

8 It is impossible for consumers to compare  
9 companies to companies anymore to take advantage of  
10 competition. So our staff will get you a personal letter  
11 explaining the nature of these charges.

12 But in order to get to the heart of the problem,  
13 I think, this docket was created, called Truth in Billing,  
14 to get some simplicity and understandability so people  
15 know what they're paying, so you know what charges are  
16 mandated by the federal government.

17 There are taxes that the government imposes.  
18 There are taxes the city and county imposes. Because of  
19 the breakup of AT&T, which is why our long distance rates  
20 are much lower than they were 20 years ago, there is an  
21 Access Charge of \$6.50 that needs to be explained in clear  
22 terms.

23 And then the charges that are at the option of  
24 the company that are not mandated by federal or state law  
25 that add to the bottom line of the company, those need to

1 be explained so people could compare apples and apples.

2 So we will get that to you.

3 MS. LUTZ: And what is Digitone Service?

4 MR. DONAHUE: That is your digital touch  
5 phone. It's the phoniest charge they have on it. And for  
6 all the people in this city, they say "Oh, you have to  
7 have it."

8 MS. LUTZ: But I bought that phone --

9 MR. DONAHUE: I know you did.

10 CHAIRMAN SPITZER: Okay. We have a court  
11 reporter here, so we want to have one at a time. Only one  
12 person at a time can speak.

13 MR. DONAHUE: I'll explain it.

14 CHAIRMAN SPITZER: We will have more  
15 speakers, and we have people from the company here, as  
16 well. But you will get a response from us in any event.

17 MS. LUTZ: Okay. On the digital thing, if  
18 I have my old rotary dial instead, would they not charge  
19 for this or would they think of something else just to use  
20 your phone? This is ridiculous.

21 CHAIRMAN SPITZER: Well, the companies are  
22 very inventive.

23 COM. MAYES: It is very interesting. And,  
24 hopefully --

25 CHAIRMAN SPITZER: Thank you for that.

1 We're taking notes, as you know.

2 MS. LUTZ: And this is every month, like on  
3 this "maybe I'm going to want to carry my phone from one  
4 phone to another." That's every month, so couldn't they  
5 do it just the first time you ask?

6 COM. MAYES: We'll find out.

7 CHAIRMAN SPITZER: We will have an  
8 explanation for you.

9 Okay. Wayne Wright?

10 MR. WRIGHT: Here. I don't know whether  
11 you've covered this or not, but I'll run them down to you  
12 anyway. My wife was in the hospital in Phoenix for a bout  
13 of -- oh, so much, with severe depression, so I decided to  
14 get a cell phone, see, because all our friends had them,  
15 you know, and they were saying -- always wanting to know  
16 how she was doing.

17 And so I got a cell phone down here at this  
18 outfit here on Querio and McCulloch, a Sprint cell phone.  
19 And I got the cell phone. But after I got the booklet --  
20 well, they said they would mail it. There was an  
21 activation fee, which I paid. But they said, also, there  
22 was a termination fee of \$150 if I didn't keep it three  
23 years.

24 CHAIRMAN SPITZER: Three years?

25 MR. WRIGHT: Three years, yeah.

1 And so then by my second bill, why, the bill  
2 went up. I was only supposed to pay \$45 a month, see, and  
3 I didn't even use all my calls, you know. And so this  
4 last bill was 53. So I got disgusted with it, and I told  
5 them, oh, about the third week in October to just cancel  
6 it, you know.

7 But do I have any recourse on that? I told them  
8 I wasn't going to pay that termination fee because I  
9 didn't think I was obligated because, see, when I got that  
10 cell phone, they didn't tell me all this stuff, see. I  
11 didn't know about it until I got the booklet.

12 See, if I would have known that when I got the  
13 cell phone, I wouldn't have even got the thing to begin  
14 with.

15 CHAIRMAN SPITZER: A three-year contract is  
16 an outrageous contract.

17 MR. WRIGHT: Uh-huh.

18 CHAIRMAN SPITZER: Before we started, I was  
19 explaining -- I showed my cell phone to Commissioner Mayes  
20 and explained the research that I did on the internet and  
21 calling. Partly because I wanted to find out what the  
22 consumers have to encounter. Mostly because I'm cheap  
23 and, you know, I want to get the best deal.

24 And it is -- even if you are a very diligent,  
25 informed consumer, it's very difficult. And the companies

1 take advantage, and they sold you a three-year contract  
2 that is, in the industry -- It's just too long. It's just  
3 too long because the prices are going down, and there are  
4 better deals that happen all the time.

5 So you want to keep your contract term as short  
6 as possible. The problem I have -- I have a bunch of  
7 problems, some of which are mine and some of which are the  
8 consumers'.

9 Commissioner Mayes explained that until the  
10 legislature changes the law, or the attorney general  
11 reconsiders an opinion, our Commission, your Commission,  
12 has no right against -- to represent you against the  
13 cellular companies like we do the wire line companies.

14 That needs to be changed so people like you can  
15 come in and say, "I was not told that this contract was at  
16 this term. I was not told about these charges," and then  
17 we can evaluate the matter.

18 And in some cases, the company is going to be  
19 right and the consumer is going to be wrong. In some  
20 cases, the consumer is right and the company needs to make  
21 it good, make good on its word. Right now we don't have  
22 that option, so that's a problem.

23 The other is -- and this is with education with  
24 consumers -- people know that when they buy a car or buy a  
25 house that's a big investment, that's a major investment.



1 And people do a lot of work, and people read a lot more  
2 about other materials when they're signing.

3 A cell phone, people think, well, 39.99 a month  
4 not a big deal, and they're not fully -- And this is a  
5 consumer education issue. They're not fully understanding  
6 all of the terms of the contract, but we can -- You said  
7 Sprint?

8 MR. WRIGHT: Yeah, this is through Sprint.

9 CHAIRMAN SPITZER: If you give the  
10 information to Brad -- I guess Brad is at the sign-in  
11 table, the fellow without the hair.

12 MR. WRIGHT: Yeah.

13 CHAIRMAN SPITZER: We can see what we can  
14 do in terms of -- A three-year contract; that's over the  
15 top. That's just -- That's outrageous, and Sprint is  
16 regulated by the Commission because they have a land line  
17 division. They also have a long distance division, so  
18 those companies tend to pay a little bit more attention to  
19 the Commission.

20 The companies that have no wire line presence  
21 that are stand-alone cell phone companies have,  
22 unfortunately, very little incentive to treat the  
23 consumers fairly, because right now the FCC doesn't do  
24 anything and the Corporation -- because of the  
25 legislature's need to act, and it hasn't. But many, many

1 people are in your same situation.

2 MR. WRIGHT: See, if they had told me down  
3 here before I got the phone that I was going to have these  
4 charges, I wouldn't have even got the phone to begin with,  
5 see. But I didn't know it until I got the handbook, see,  
6 and all that stuff was in there.

7 COM. MAYES: And I would just echo what the  
8 Chairman said. We'll get your information and we'll make  
9 a phone call for you. That tends to help, but I can't  
10 stress enough what Chairman Spitzer just said, which is we  
11 need your help with the legislature. You have three new  
12 legislatures in this county. You've got Trish Groe.  
13 You've got --

14 MS. S. DONAHUE: Nancy McLain.

15 COM. MAYES: -- Nancy McClaine, and Ron  
16 Gould, I think. And we need you to make a phone call to  
17 those guys and say, "Look. The Corporation Commission  
18 needs authority over wireless companies, over cell phone  
19 companies." Because you know what's going to happen? I  
20 promise you this is what's going to happen. This is what  
21 happened last year:

22 The wireless company is just going to go out and  
23 hire the best lobbyists around down there in Phoenix. And  
24 they are going to pay them tens of thousands of dollars,  
25 and there will probably be 10 or 12 of them. And they

1 will descend on that legislature, and they will try to get  
2 this bill killed because they don't want somebody like the  
3 Corporation Commission representing consumers.

4 It happened last year, and that's why we need,  
5 you know, real people to call these legislators.

6 MR. WRIGHT: Will there be some recourse  
7 through the FCC or --

8 CHAIRMAN SPITZER: I haven't always been  
9 happy with the FCC. I really think they do the best they  
10 can. They have a lot of very complicated cases. They  
11 just got handed a new one on Monday with this Monday Night  
12 Football episode.

13 MR. WRIGHT: Yeah, I bet.

14 MR. CHAIRMAN: So they have all the  
15 indecency and obscenity stuff. They have a lot of things  
16 that they have to deal with. Unfortunately, they're in  
17 Washington, D.C., and they are not -- I don't want to be  
18 too strong with them and say they're not interested.

19 They are not set up to deal with people's  
20 complaints from Lake Havasu City, Arizona. That's what  
21 the Commission is for. That's why we really need to pass  
22 this bill so that we can deal with your problems.

23 We're not trying to, you know, regulate them in  
24 terms of price. We're just saying that there are  
25 circumstances where there is unfair treatment and they

1 need to -- and they got -- The person that sold you the  
2 cell phone is on a commission.

3 They get paid to close the deal, and they get  
4 paid based on the annual -- projected annual volume of  
5 revenue that you produce to their company. And that's not  
6 bad. That's America, but there needs to be -- It's also  
7 an American principle of fairness and justice.

8 Thank you. And please give us this information  
9 so we can contact Sprint, and we will personally call  
10 Sprint.

11 Mr. Donahue.

12 MR. DONAHUE: Okay. Frontier is the  
13 telephone company that when I came here they had all  
14 different charges on their bill. I have had most of them  
15 deleted. My wife teases me every time we get the bill  
16 because this month it's only \$9.16.

17 MS. LUTZ: How did you do that?

18 MR. DONAHUE: Now I'm going to tell you how  
19 to do it.

20 COM. MAYES: Get ready with your note pads.

21 MR. DONAHUE: I am. I did it in  
22 California, and I'll do it here. And everybody I know I  
23 tell them this. The Single Party Residential Service is  
24 9.40. But since I'm disabled, on affixed income, I get  
25 \$1.75 credit.

1 Now, the Primary Residential Federal Sub Line  
2 Charge, the Gore tax, is 6.50. You're entitled to get  
3 that deleted. I don't pay it.

4 CHAIRMAN SPITZER: Really?

5 MR. DONAHUE: I'll show you the credit  
6 right here.

7 CHAIRMAN SPITZER: Okay. So you were able  
8 to defeat Al Gore.

9 MR. DONAHUE: Pardon?

10 CHAIRMAN SPITZER: You were able to defeat  
11 Al Gore, Mr. Donahue.

12 MR. DONAHUE: Damn right. I'm cheap too.

13 CHAIRMAN SPITZER: That's what President  
14 Bush did in 2000.

15 MR. DONAHUE: And then the Arizona -- Okay.  
16 This is an Access Line, \$.37. I'll go for that. Local  
17 Directory Assistance. Well, I had two of those, and they  
18 gave me credit for them. And the Frontier -- Detailed  
19 Below, 15 -- \$.17, that's nothing.

20 But the Digitone, they're fleecing everyone in  
21 this town that has a touch-tone phone, because they say,  
22 "You need that." You do not need that.

23 They say, "Well, how are you going to do your  
24 banking?"

25 I said, "That's your convenience, not mine."

1 The same way you call the telephone company for something;  
2 they tell you to punch 2, 3, 4, 5, and 6. That's their  
3 convenience not the consumer's. It's a pain in the neck  
4 to the consumers; because if you stay on the line, a  
5 person will call and answer. Don't pay it.

6 Then they give you another charge. I don't have  
7 it either. Red, White, and Blue Service. You ask them  
8 what the Red, White, and Blue Service is: "Well, that's  
9 the service you get."

10 "Well, I didn't order Red, White, and Blue.  
11 Which one do I have?"

12 "Well, you happen to have the Blue Service."

13 "What does it do for me?"

14 "Well, you have a telephone."

15 True. True story, and they charge you \$.90 a  
16 month for it. And the Digitone, they charge you, what,  
17 \$1.30, is it?

18 MR. PENLAND: It's \$1.36.

19 MR. DONAHUE: \$1.36 they're charging to  
20 each and every person that owns a touch-tone phone. You  
21 can tell them "I don't need it because I can put the  
22 switch on pulse and then you don't have touch-tone phone  
23 anymore."

24 MS. LUTZ: But there aren't any other  
25 kinds --

1 CHAIRMAN SPITZER: One at a time. We can't  
2 have multiple speakers.

3 MR. DONAHUE: That's what they do, and it's  
4 a fraud, an absolute fraud. I found this out from AT&T.  
5 I had a fight with them, too.

6 And now, on this bill -- I haven't questioned  
7 them on it yet, and I don't know what it's all about --  
8 they're going to have another -- Oh, here: "Effective  
9 January 1, 2005, Frontier Communications of America --  
10 telephone surcharges of \$.60 per call -- will be  
11 \$.60 per call. This charge applied to an FCC Toll Free  
12 and calling card subsidiary."

13 I don't know what all this is about. They  
14 haven't billed me for it yet, so I haven't gone in and  
15 fought them about it.

16 CHAIRMAN SPITZER: Mr. Donahue, is that a  
17 long distance bill or a local service?

18 MR. DONAHUE: No. This is my local bill.

19 CHAIRMAN SPITZER: This is just your  
20 local --

21 MR. DONAHUE: Local bill.

22 MR. CHAIRMAN: And who is your long  
23 distance server?

24 MR. DONAHUE: It's FT -- not FTD. They've  
25 switched it here, but they had one advertised on TV. In

1 California, I used to call 626, and I got \$.05 a minute on  
2 every long distance call. Those lines, this one here,  
3 won't tell you this; but if you dial 10, 10, 2, 20, that's  
4 MCI.

5 CHAIRMAN SPITZER: That's MCI?

6 MR. DONAHUE: Yeah, and the other one is  
7 AT&T. Okay. That's the only two that come through this  
8 service. They try to block everyone else out. IDT was  
9 advertising. I took IDT, and my long distance service is  
10 \$.05 a minute plus \$3.95 a month.

11 CHAIRMAN SPITZER: \$3.95 a month, minimum  
12 monthly usage?

13 MR. DONAHUE: Yes, and \$.05 a minute. But  
14 what they don't tell you on your 10, 10, 2, 20 numbers is  
15 it's a dollar no matter what, or \$.99.

16 CHAIRMAN SPITZER: Minimum charge per call?

17 MR. DONAHUE: Minimum charge, yeah. Yeah.  
18 Whereas, on the other, it's \$.05 whether you use a half a  
19 minute or one minute.

20 CHAIRMAN SPITZER: So you understand that?

21 MR. DONAHUE: Yes. No, I understand. But  
22 I'm letting these people know it, too, because the phone  
23 company is ripping off everyone that has a telephone. And  
24 I don't like to get ripped off.

25 CHAIRMAN SPITZER: So your long distance



1 bills, then, are separate from your local?

2 MR. DONAHUE: Yes. Yes. But these new  
3 charges, instead of -- November. Wait a minute. Where is  
4 November 1? Effective November 1, 2004, your bill will  
5 include a monthly \$.99 -- that's what you were talking  
6 about, I guess -- charge, Regulatory Assessment Fee. This  
7 fee will help record interstate access charges,  
8 regulatory -- You know, they give you all these -- and  
9 that's for AT&T interstate.

10 CHAIRMAN SPITZER: For AT&T interstate?

11 MR. DONAHUE: Yeah.

12 CHAIRMAN SPITZER: Well, we'll probably  
13 need to take a look at your bill and find out what is  
14 attributable to interstate -- It sounds like you have  
15 AT&T --

16 MR. DONAHUE: They switched me over to AT&T  
17 from IDT because they -- See, they didn't want IDT coming  
18 in there. It took me three months to get it in here.

19 CHAIRMAN SPITZER: Well, they're not  
20 supposed to pick. You get to pick.

21 MR. DONAHUE: Well, no. They wouldn't let  
22 IDT in here the same as they wouldn't let 626 in here  
23 either.

24 COM. MAYES: They being Frontier?

25 MR. DONAHUE: Frontier, yeah.

1 COM. MAYES: Frontier wouldn't, okay.

2 CHAIRMAN SPITZER: This is a wealth of  
3 information, Mr. Donahue.

4 COM. MAYES: Yes.

5 CHAIRMAN SPITZER: We appreciate it.

6 MR. DONAHUE: I had a fight with AT&T in  
7 California because I had a little business there and they  
8 screwed me, but I made them pay for it through everyone  
9 that I've told this to. All my kids have done the same  
10 thing.

11 Any senior citizen can get that 6.50 taken off  
12 of their bill.

13 COM. MAYES: Mr. Donahue, did they tell you  
14 it was -- You said it was because you are disabled and on  
15 a fixed income.

16 MR. DONAHUE: Yes.

17 COM. MAYES: Was it both of those or just  
18 on a fixed income?

19 MR. DONAHUE: I don't know. They made me  
20 fill out a paper. They said, "Your doctor has to sign it  
21 and you have to do this every year." I've never done it  
22 again. It's a farce. And you confront them, and they'll  
23 try to hem and haw and back down. I mean, they'll  
24 flip-flop and they'll look like a fish out of water  
25 because they don't know what -- the people in the office.

1           This happened one morning, and I was very proud  
2   of myself. They made me mad. I went down to their office  
3   at 8:00 o'clock in the morning, and I was the first one  
4   there. By the time I was through, the whole office was  
5   full, and I'm sure they didn't appreciate me by the time I  
6   walked out. My bill is \$9 a month now.

7           COM. MAYES: Well, I particularly -- I  
8   really appreciate you raising all those issues. The Red,  
9   White, and Blue Service particularly raises my interest.

10          MR. DONAHUE: And the Digitone, that blew  
11   me away.

12          COM. MAYES: Yeah. I didn't know about  
13   that either. I would be interested in finding out what  
14   this Red, White, and Blue Service is, this \$.90 a month.  
15   It sounds like what I was talking about with Qwest and the  
16   \$2.99. Part of that was something they called an  
17   Interstate Services Fee.

18          MR. DONAHUE: Yeah. They give you this  
19   interstate, out-of-state. It costs me more to call my  
20   daughter in Kingman than it does to call my kids in  
21   California.

22          CHAIRMAN SPITZER: Right.

23          MS. LUTZ: I have a question to ask this  
24   gentleman.

25          CHAIRMAN SPITZER: If we could, I would

1 like to get through everybody who hasn't spoken yet and  
2 then we can allow for second bites. And be mindful that  
3 you might want to have a discussion with Mr. Donahue, but  
4 the forum really isn't for question and answer. So you  
5 may want to do that once we gavel to adjourn.

6 MS. LUTZ: Okay.

7 CHAIRMAN SPITZER: Terry Penland.

8 MR. PENLAND: Right here. I've got a  
9 problem in Colorado more than I do here. But I'm going to  
10 give you the reason I have this problem in Colorado; it's  
11 called AT&T.

12 I have turned my nickle a minute over to  
13 CenturyTel in Colorado, but I couldn't get rid of AT&T.  
14 So they kept just whacking me a quarter a minute, a  
15 quarter a minute. I finally got ticked off and called the  
16 Utilities Commission in Denver. It took this guy one  
17 phone call or one letter, and everything just cleared up.

18 But why can't a citizen convince these people  
19 that, you know, they owe him money back?

20 MR. DONAHUE: You should get your money  
21 back, too.

22 MR. PENLAND: Well, eventually, I didn't  
23 pay it. So I didn't get anything back, but I just kept  
24 pulling it off my phone bill every month. It took me six  
25 months to straighten this mess out.

1 CHAIRMAN SPITZER: Just so I understand so  
2 the record is clear. You had --

3 MR. PENLAND: I had AT&T, and those people  
4 will fight and struggle to keep people on board no matter  
5 what it costs. So anybody that's got them, they're kind  
6 of hard to dump, in my opinion. They're impossible to get  
7 rid of.

8 MR. DONAHUE: That's where I got my  
9 education.

10 MR. PENLAND: But I called AT&T a couple of  
11 times. I called everybody. I called CenturyTel ten  
12 times. I called AT&T four or five times. Nobody could  
13 take care of this problem.

14 CHAIRMAN SPITZER: Were you still able to  
15 make long distance calls after you had switched --

16 MR. PENLAND: Oh, yes.

17 CHAIRMAN SPITZER: -- to the new company?

18 MR. PENLAND: Yes.

19 CHAIRMAN SPITZER: Let's explain how this  
20 works. Your phone line is connected to a central office,  
21 and the central office will be the incumbent Bell Company  
22 or one of the local exchange companies and maybe Frontier.  
23 In Phoenix, in Tucson it's Qwest.

24 And within the central office, they have what  
25 they call collocation. And the collocation is for

1 competitor local companies. There are some companies that  
2 compete for your local business. And then among long  
3 distance -- Mr. Donahue said that he went to IDT.

4 MR. DONAHUE: Yeah.

5 CHAIRMAN SPITZER: IDT is what they call a  
6 long distance reseller. IDT goes on the market and buys  
7 buckets. And you don't want to hear me talk about the  
8 deregulation of 83 and all that, but try and keep it  
9 simple. They buy buckets of minutes from long distance  
10 carriers that have an excess capacity, like MCI.

11 MCI has a lot of excess capacity on its wires,  
12 and IDT buys it and sells it to Mr. Donahue for \$.05 a  
13 minute --

14 MR. DONAHUE: Five cents a minute.

15 MR. CHAIRMAN: -- plus 3.99.

16 MR. DONAHUE: Actually, theirs is four  
17 point seven cents a minute, less than \$.05 a minute.

18 CHAIRMAN SPITZER: Yeah. I have -- Through  
19 Costco I have a company that's actually a subsidiary of  
20 MCI that's cheaper than MCI, but they buy their minutes  
21 wholesale and they sell them to me retail. And I make  
22 sure I have a plan because -- I don't know if they bumped  
23 it, because we use very little long distance. I try and  
24 get my wife to use the cell phone to call my mom; and some  
25 days I'm successful, and some days I'm not.

1 MR. DONAHUE: Sunday and Saturday.

2 CHAIRMAN SPITZER: And so that is what is  
3 going on. And the local exchange company in Colorado --  
4 Was it Qwest?

5 MR. PENLAND: No. It's CenTel --  
6 CenturyTel.

7 CHAIRMAN SPITZER: Okay, but in Colorado.

8 MR. PENLAND: Yeah. It's a little outfit  
9 around Pueblo and in through there.

10 CHAIRMAN SPITZER: They had you with AT&T  
11 and when you switched, what the process is called is  
12 third-party verification because of all the mischief.  
13 People were being switched that didn't want to be  
14 switched.

15 People were being switched against their wishes.  
16 That's what the slamming is that Commissioner Mayes talked  
17 about when she talked about slamming. We have evidence.  
18 There was a trial -- Well, it didn't go to trial. It was  
19 settled, but Qwest in Tucson forged consents. Dead people  
20 gave consent in Tucson --

21 MR. PENLAND: Dead people?

22 CHAIRMAN SPITZER: Dead people.

23 So somebody in the Qwest office was switching  
24 people improperly in long distance. So to deal with that,  
25 they created new procedures.

1           It's possible that -- In fact, it's likely,  
2   based on what you said, that CenturyTel did what they were  
3   supposed to do and made the change in their central office  
4   so that when your long distance call came into their  
5   central office in Colorado, it got routed to the company  
6   you wanted instead of to AT&T. The problem is in AT&T's  
7   billing office in Denver, not in your local exchange in  
8   Pueblo.

9           And that is, again, what is so frustrating for  
10   consumers. It's not an engineering issue. The  
11   engineering is actually pretty darn simple. The  
12   engineering is easy.

13           You switched to IDT. Not a big deal. It got  
14   transferred in the central office here. It's the billing  
15   and collections by the people, and it's the people in  
16   billing and collections for Sprint that sold you that  
17   phone that you're having trouble with.

18           And that's why I think the Commission is so  
19   necessary and why we're glad to hear your -- But Colorado  
20   fixed your problems.

21           MR. PENLAND: Yeah. The Utility  
22   Commission, you people, fixed my problem, and it took like  
23   one letter or one call. And it was driving me nuts.  
24   After six months, I finally turned it over to him.

25           I spent about, maybe, four or five minutes on



1 the phone with him, and they had the whole thing under  
2 control. He read it back it to me exactly what the  
3 problem was, and then he fixed it.

4 Now, if you people operate that fast, we're  
5 going to get something done here today.

6 COM. MAYES: Well, that's an argument for  
7 what we're talking about, trying to get greater authority  
8 over on the wireless side.

9 I'll give you another example of what  
10 happened with this Qwest \$2.99 fee issue. They continued  
11 to charge people \$2.99. They are not backing off of that.  
12 But after we got involved -- And we'll see about that.  
13 That's not over yet. But after we got involved, they did  
14 go ahead and make the concession that they would waive --  
15 They were charging people \$10.

16 If you got upset and you were a Qwest long  
17 distance customer and you wanted to switch to IDT or  
18 whatever, they were charging people \$10 to switch. So  
19 they decided to waive -- You know, if got pissed off or  
20 angry, whatever, and you wanted to leave, they're going to  
21 charge you ten bucks.

22 MR. DONAHUE: Oh, yeah. MCI did the same  
23 thing.

24 COM. MAYES: Sure, and all companies do it.  
25 But in this case Qwest -- Actually, after the Commission

1 got involved and expressed our displeasure about the whole  
2 thing, Qwest decided to waive that fee for a certain  
3 period. So you're right. Commissions can make a  
4 difference.

5 CHAIRMAN SPITZER: Mrs. Lutz, you wanted  
6 to --

7 MS. LUTZ: Yes. I was concerned when you  
8 read about -- I don't have that. You have Frontier local?

9 MR. DONAHUE: Uh-huh.

10 MS. LUTZ: Well, I don't have anything here  
11 about saying that starting in -- next year they are going  
12 to tack on \$.60 a call. Is that each local call or each  
13 long distance call?

14 MR. DONAHUE: I don't know. They haven't  
15 tacked it on yet, so I haven't fought with them yet.

16 MS. LUTZ: But that's an awful lot. Isn't  
17 that what all these other charges are for, that you get as  
18 many local calls as you want?

19 COM. MAYES: Mr. Donahue, could I ask  
20 you -- do you know what it's called? They call it  
21 something, that \$.60 fee. Does it have a name, because we  
22 can look into it if it does. We'll look into it either  
23 way.

24 MR. DONAHUE: It surprised me because I  
25 don't usually look at the bills anymore. My wife gave me

1 this one to bring to this for reference.

2 MS. LUTZ: I have another cute one here  
3 that I just noticed.

4 MR. DONAHUE: See, Important Consumer  
5 Information. Important Consumer Information, then the  
6 effective date. I'm going to show it to you. This is  
7 what's on my bill.

8 (Document tendered.)

9 COM. MAYES: Where is it?

10 MR. DONAHUE: This one here.

11 COM. MAYES: Yeah. Okay. I'll read it for  
12 the record. It says: "Effective November 1st, 2004, your  
13 bill will include a monthly \$.99 regulatory assessment  
14 fee.

15 "This fee will help to recover Interstate Access  
16 Charges, Regulatory Compliance, Advocacy Costs, and  
17 Property Taxes. This fee applies for each month in which  
18 you have any AT&T Interstate or International Charges on  
19 your bill."

20 CHAIRMAN SPITZER: That sounds like a long  
21 distance charge.

22 MS. LUTZ: It sure does.

23 CHAIRMAN SPITZER: And the companies are  
24 now doing that.

25 Do you know what advocacy means, Mr. Donahue?

1 MR. DONAHUE: Yes.

2 CHAIRMAN SPITZER: That means you're paying  
3 for their lobbyists to kill my bill.

4 MR. DONAHUE: That's what I mean. I know  
5 that.

6 CHAIRMAN SPITZER: They have enough  
7 lobbyists without having you to pay for their lobbyists.

8 MR. DONAHUE: That's right.

9 COM. MAYES: And then it goes on. Also,  
10 let me just add this for the record. It says: "It is not  
11 a tax or charge required by the government. For more  
12 information, call the customer service listed below."

13 CHAIRMAN SPITZER: So I would call them,  
14 Mr. Donahue.

15 MR. DONAHUE: I will. I'm going to have to  
16 call them again and get like I got that 6.50 taken off my  
17 bill.

18 CHAIRMAN SPITZER: But my question to you  
19 is, if that is an AT&T charge, I'm wondering who is listed  
20 in the records of your local company as your long distance  
21 provider.

22 MR. DONAHUE: See, they switched it over.  
23 They do this without my -- without telling me they've done  
24 this.

25 (Document tendered.)

1 CHAIRMAN SPITZER: You've selected  
2 Interlata Long Distance AT&T Communications.

3 MR. DONAHUE: No. I selected IDT. They  
4 switched me over to this, but I still get the \$.05 a  
5 minute.

6 CHAIRMAN SPITZER: And it says you've  
7 selected Intralata. Intralata is you calling Kingman from  
8 Havasu. Interlata is you calling Pittsburgh or wherever,  
9 and so they have you down as AT&T.

10 And this charge -- Just so we're clear, this  
11 regulatory fee that pays for the AT&T lobbyists -- which  
12 is real heartwarming -- is not a Frontier charge. It's an  
13 AT&T charge. But if you can provide this information to  
14 Mr. Morton, we would like to look into it, if we may.

15 MR. DONAHUE: Oh, sure, you may.

16 MS. LUTZ: Can I talk some more?

17 CHAIRMAN SPITZER: You may.

18 MS. LUTZ: That \$.60 thing that you just --  
19 does that mean that when you call -- Well, I have here a  
20 charge to Fargo for \$.80. Does that mean that it's now  
21 going to be \$.80 plus \$.60?

22 CHAIRMAN SPITZER: Who is your long  
23 distance carrier?

24 MS. LUTZ: Well, the intra is Frontier.  
25 The inter is something called FCA, which I have no idea

1 what it is. Is that Frontier, too?

2 CHAIRMAN SPITZER: Frontier Communications  
3 of America, yes.

4 MS. LUTZ: Okay, so it's the same.

5 CHAIRMAN SPITZER: So that \$.90 charge  
6 or -- How much was that charge, Mr. Donahue, the AT&T?

7 MR. DONAHUE: Let me see.

8 CHAIRMAN SPITZER: \$.60, the one  
9 Commissioner Mayes just read?

10 MR. DONAHUE: No. That one was \$.99, and  
11 the other one was \$.60 a call, I think.

12 MS. LUTZ: That \$.99 --

13 MR. DONAHUE: No. \$.60 per call, yes.

14 MS. LUTZ: Before November?

15 MR. DONAHUE: "Effective January 1, 2005,  
16 Frontier Communications of America Payphone Surcharge will  
17 be" -- that says "Payphone Surcharge." It's applied to  
18 the FCA Toll Free and calling card.

19 MS. LUTZ: Another one I have on these  
20 bills is something called Citizens Long Distance Universal  
21 Fund Support. Citizens hasn't been in this area for how  
22 many years?

23 MR. DONAHUE: They still own the  
24 corporation.

25 MS. LUTZ: Why do they charge us for it?

1 MR. DONAHUE: Because they went broke and  
2 fleeced this town before they went broke.

3 MS. LUTZ: Why?

4 CHAIRMAN SPITZER: One at a time here.

5 Well, this makes the case of how complex things  
6 are. You've got local phone calls. You've got long  
7 distance phone calls, interstate, and you've got Arizona  
8 toll charges. So there are three species of phones.

9 Different rules apply to all three. The Arizona  
10 Corporation Commission regulates the local phone service.  
11 The Federal Communications Commission of the United States  
12 of America regulates long distance.

13 There are various charges to long distance bills  
14 for -- Universal service is designed to make sure that  
15 phone service is affordable to everyone and particularly  
16 in rural areas.

17 To put a line out to Searchlight would be so  
18 expensive. It's like rural electrification, to make sure  
19 everybody has electricity, to make sure everybody has  
20 phone service. But it's very, very confusing.

21 And one of things I'm taking away from this  
22 meeting is -- and I sort of knew it -- people don't  
23 understand their bills. People do not understand their  
24 bills, even people that really try.

25 MS. LUTZ: What you said is there is also a

1 Federal Universal Service Fund. That's sort of like what  
2 you've just said. This is Citizens Long Distance  
3 Universal Fund Support. Is that a lobbyist or is that a  
4 real thing?

5 CHAIRMAN SPITZER: No. The local companies  
6 are required to charge for Universal Service. The long  
7 distance companies also charge Universal Service, and the  
8 wireless companies charge Universal Service.

9 Ms. Lutz, I think what's complicated about your  
10 bill is you have long distance and local all in the same  
11 bill.

12 MS. LUTZ: Yes.

13 CHAIRMAN SPITZER: That's what makes it  
14 very confusing. Most people -- Mine are separate, but you  
15 have the same -- The same corporation provides you local  
16 and long distance, the same corporate umbrella, near as I  
17 could tell.

18 MS. LUTZ: I did that because I thought it  
19 would be less confusing.

20 CHAIRMAN SPITZER: Well, it may be less  
21 confusing to get one bill. Some people really want to  
22 have only one bill because multiple bills is one more  
23 thing to worry about.

24 What we're trying to do is make sure people have  
25 a choice because all around the state people say they want



1 a choice. They don't want to only have to have Qwest. If  
2 they choose to have Qwest, that's fine. If they choose to  
3 have another company --

4 MR. DONAHUE: Then you're at their mercy.

5 CHAIRMAN SPITZER: All of your  
6 telecommunications services, local and long distance, are  
7 on the one bill, whereas at my house, I have a company, a  
8 subsidiary of MCI, or TTI, that is a reseller of long  
9 distance. And they sent me a bill, and I get my bill from  
10 Qwest.

11 But, Ms. Lutz, on my long distance, there are  
12 charges. Once they multiply the \$.04 a minute times --  
13 There are charges for various taxes and universal  
14 services.

15 MS. LUTZ: I think that's too complicated.  
16 I think if it's long distance and they say this is what it  
17 costs us to give you this much, that's what they should  
18 charge and none of these other little extra fees and  
19 little -- what they seem to say is for our benefit but  
20 isn't.

21 CHAIRMAN SPITZER: Well, that's a trick.  
22 Some of this stuff may be, and some of this stuff may not;  
23 and that's what make people angry.

24 Mr. Penland.

25 MR. PENLAND: This Gore tax that you

1 referred to and Kristin tried to find out some more  
2 information from him about whether he was elderly or  
3 handicapped, which was it or both.

4 Just what is this Gore tax, because I'm in  
5 enough of this thing in Colorado, too. And the way the  
6 phone company explained it to me was we're paying part of  
7 the communications bills and the telephone bills and the  
8 schools and various other public -- I don't know whether  
9 you say functions or what, whatever it is, maybe some  
10 government phones. I don't know. But this Gore tax is,  
11 you know -- it's universal.

12 CHAIRMAN SPITZER: Mr. Donahue.

13 MR. DONAHUE: Yes. I had to call Federal  
14 Communication Commission on that one. See, I was in a  
15 small business in California, and I had a lot of time on  
16 my hands. But when somebody is giving me the business, I  
17 want to find out why.

18 So I got in touch with AT&T and MCI and called  
19 Washington and spoke to somebody in Washington about that,  
20 and that's where I got the Gore tax from, because it was  
21 him that they -- the telephone companies -- when they  
22 broke up, Ma Bell, they all went and said, Well, we have  
23 to have something that shows, you know, that -- because we  
24 already have our lines in; that have been paid for over  
25 and over and over again.

1 But now they're collecting it because people are  
2 using them over and over and over again. And they didn't  
3 want to see wireless come in because, you know, it puts  
4 their lines out of business.

5 CHAIRMAN SPITZER: Right.

6 MR. DONAHUE: And that's why I have a  
7 wireless computer, because I won't pay a telephone line.  
8 But that's what it is, and it took me six months to get my  
9 education through AT&T and the California telephone system  
10 and Washington, D.C. And finally, I had it all wiped off.

11 CHAIRMAN SPITZER: What's important to know  
12 is that when AT&T was broken up in 1983, long distance  
13 rates were very high. They subsidized local rates. And  
14 the theory was, people that call long distance can afford  
15 to subsidize the local phone service, which should be as  
16 cheap as possible. So local phone service in 1983 was  
17 underpriced, and long distance was overpriced. And the  
18 politicians and the policymakers --

19 MR. DONAHUE: Sure. They're all feeding  
20 one another's --

21 CHAIRMAN SPITZER: We're comfortable with  
22 that. The breakup of AT&T meant that long distance rates  
23 came down in order to preserve the local monies, the  
24 monies to the local companies; and it's not just the big  
25 guys. There are a lot of -- In the western states, there

1 are a lot of rural cooperatives because Qwest is not real  
2 interested in servicing West Platte, Nebraska. There is  
3 not enough money in it.

4 So you have non-profit cooperatives, and these  
5 Access Fees of \$6.50 actually keep them in business.  
6 They're not owned by shareholders, so you need to be aware  
7 that there are a lot of big companies that make a lot of  
8 money.

9 There are a lot of very small companies that are  
10 cooperatives, particularly in the West, and we have them  
11 in Arizona, providing service for remote communities in  
12 Arizona that the big companies aren't interested in.

13 So the Access Fee was started in 1983. It was  
14 increased to \$6.50 when -- and I'm trying not to be -- I  
15 won't be partisan about it, but it was during the Clinton  
16 Administration when -- what's his name was headed --  
17 Kennard was headed Chairman of the FCC and you had a  
18 democrat majority. And Al Gore said, "I would like to  
19 provide internet service to the schools, to every school  
20 in the country to have internet service."

21 Now, people may agree or disagree with it that,  
22 but the FCC -- it was not the congress that passed it. It  
23 was the Federal Communications Commission that included it  
24 on the bill. And I think the only way to get it removed  
25 would be either to have the FCC remove it -- But people

1 are reluctantly -- people on the FCC and congress are  
2 understandably reluctant to take away a source of money  
3 for the schools. But you can agree or disagree, but  
4 that's why it's there.

5 And in fairness to the companies -- Qwest and  
6 Frontier and the cooperatives and the big boys -- they did  
7 not ask for that fee. That fee was put upon them, so  
8 that's their colleague. It's up to the FCC and your  
9 federal elected officials if you think that's a wise and  
10 appropriate expenditure of money.

11 The thing that is so complex about all this  
12 is -- Ms. Lutz illustrated it -- there are different rules  
13 that govern long distance and local. And when they are on  
14 the same bill, you have no ability to decipher one from  
15 the other. You don't know where these taxes are from.

16 The \$.99 fee that AT&T charges for long  
17 distance, that's one of what Commission Mayes referred to  
18 as the fraudulent charges. That's not mandated by any  
19 government, and they've admitted it in their blurb: This  
20 is not government; this is an additional bottom line to  
21 AT&T. So it's different than the 6.50.

22 MS. LUTZ: I don't have AT&T, and I have  
23 that same .99 thing. It's called a Carrier Cost Recovery  
24 Surcharge. And you said this is the one that they use for  
25 lobbying; but they always warn you that if you don't pay

1 the full bill, they're going to cut off your service.

2 Well, I don't make that many calls, but I do  
3 need it. So how are you going to -- If it's fraudulent,  
4 isn't this something that your group should be really  
5 overseeing and saying, "Hey, this is fraud"?

6 COM. MAYES: Well, I think the answer is,  
7 essentially, yes and we're trying. And that's part of why  
8 we're here. This is a process by which we gather evidence  
9 or at least comment and testimony.

10 And in the case of the recent decision by Qwest  
11 to add that, it's really -- the Qwest \$2.99 is really a \$2  
12 monthly recurring charge and then a \$.99 Interstate  
13 Services Fee, which is just like the one that we're  
14 talking about here.

15 And, you know, they did it. They just tacked it  
16 on. They bypassed the Corporation Commission, and now  
17 what we're saying is, "Why did you do that?" And we  
18 potentially have a legal process to deal with that --  
19 could deal with that.

20 We do have a legal process that could deal with  
21 it. And it's, I think, likely that we're headed that way,  
22 but we have all these other companies now that also have  
23 these fees that they're adding.

24 MS. LUTZ: Mr. Spitzer, I didn't realize  
25 that that 6.50 charge was something that was imposed

1 because they wanted internet in the schools. Well, now,  
2 I'm for that. But shouldn't it be under the No Child Left  
3 Behind funding instead of our telephones?

4 COM. MAYES: I would just say that I think,  
5 first of all, only part of it is what the Chairman is  
6 talking about, because I remember that -- I think I was  
7 still a newspaper reporter when that happened, and I  
8 remember that Clinton came to, like, the Navajo  
9 Reservations to announce it in part and to some other  
10 places, but it's only part. I don't know how much of the  
11 6.50 --

12 CHAIRMAN SPITZER: It was in the \$4 range  
13 before this, and they raised it to 6.50.

14 MS. LUTZ: It's in the wrong place. It  
15 should be under the education funding. And this internet  
16 schooling is really a great thing. We have a lot of it  
17 here through our college.

18 And I know that out in the Midwest states, the  
19 farm countries, where there isn't a city that's over a  
20 hundred thousand, all these rural schools are really now  
21 getting a decent education system in because of that. But  
22 I don't why our telephone companies should be collecting  
23 it.

24 CHAIRMAN SPITZER: That's a good point.

25 COM. MAYES: It is an interesting point,

1 and, you know, so maybe something that needs to be  
2 discussed probably some more. I happen to be -- I was  
3 born and raised in Prescott from a rural county, Yavapai  
4 County, so I actually happen to be a fan of Universal  
5 Services Fund and what it can do, what it means for rural  
6 counties.

7 I mean, rural counties, I think, by and large a  
8 lot of times get left behind. And I think businesses,  
9 small businesses, people in those areas deserve to have  
10 phone service just as much as people in the big city.

11 But your question is one -- I think your  
12 question is, is this the right place for that to happen.

13 MS. LUTZ: If it's to wire the schools for  
14 the internet, why are we doing it this way? That's an  
15 education thing.

16 COM. MAYES: That's a good question. That  
17 is a very good question. We have one commissioner in  
18 particular who would probably totally agree with you, and  
19 he considers all of this type of thing social engineering  
20 through the utilities, and he doesn't think that that's  
21 the right place for it.

22 I happen to think that at least in terms of  
23 Universal Services Fund itself, there is an appropriate  
24 place for that, and amazing and marvelous things have  
25 happened as a result of those funds.



1 I think a lot of people probably agree with me  
2 on the need for those funds. But, you know, you still  
3 have this question of -- you don't know what it means when  
4 it's getting tacked onto your bill.

5 It's confusing. And then when they start adding  
6 these, you know, revenue enhancers, these \$.99 fees here  
7 and there, it gets to be totally overwhelming.

8 MS. LUTZ: Yes.

9 CHAIRMAN SPITZER: I have a theory that  
10 because telecommunications is the most heavily taxed  
11 business that exists, on the bill is a federal excise tax  
12 from 1898 from the Spanish American War.

13 It was supposed to end when Teddy Roosevelt went  
14 up San Juan Hill with Bucky O'Neill for president, okay.  
15 Teddy Roosevelt and Bucky O'Neill took San Juan Hill in,  
16 what, 1899, and the tax is still with us.

17 COM. MAYES: Bucky died on the Hill.

18 CHAIRMAN SPITZER: Did he?

19 COM. MAYES: Yeah. He was shot.

20 CHAIRMAN SPITZER: Oh, yeah. That's right.

21 COM. MAYES: That's why it's still on the  
22 bill.

23 CHAIRMAN SPITZER: And it's very high. The  
24 Clinton Administration added the internet tax for the  
25 schools, and I think it's a good point. I think a phone

1 line to Searchlight, Arizona, should be funded from our  
2 phone bills because it's phone service.

3 MR. DONAHUE: It's cheaper to go satellite.

4 CHAIRMAN SPITZER: But the internet schools  
5 probably ought to be funded out of a general fund.

6 MS. LUTZ: Yes, they should.

7 CHAIRMAN SPITZER: But the phone bills are  
8 so high now because of the taxes, the taxes are almost  
9 equal to the bill. That's why I think the Clinton  
10 Administration decided to fund the Gore project on the  
11 backs of the rate payers and not out of the general fund.

12 And that's why these companies are adding their  
13 regulatory -- That's the thing that really irks me, and  
14 that's the thing we need to do something about. The  
15 companies provide the service, and they get taxed. And we  
16 don't choose that, and they don't choose that.

17 But the regulatory fees -- my cell phone --  
18 there is an \$.86 regulatory fee that's imposed by Deutsch  
19 Telecom that is not mandated by any governmental entity.  
20 It's added revenue, and it's in addition to the 29.99 that  
21 I agreed to. That's --

22 MS. LUTZ: That's wrong.

23 CHAIRMAN SPITZER: That's wrong.

24 MR. DONAHUE: Now, about the schools,  
25 though, every state -- I don't know how many states. I

1 don't keep up with all that. But all of the states  
2 started their state lotteries to help the schools because  
3 the federal government couldn't pay for all the schools.

4 The state lotteries, the states themselves, are  
5 taking that money and they're not providing their school  
6 systems with it. They could be providing internet service  
7 through satellite to all the schools because -- I know.

8 I have a satellite. You can hook up 12  
9 computers to it, each one individual, one satellite. And  
10 to do something like that, it's much, much cheaper than  
11 going through a telephone line that you're paying all  
12 these taxes on every month.

13 CHAIRMAN SPITZER: Anything further? Do we  
14 have any --

15 MR. WRIGHT: I've just got a question.  
16 Does all these cell phones charge you an activation fee?  
17 Is that customary?

18 CHAIRMAN SPITZER: They do disclose that.  
19 When I shopped, I called four different companies. All  
20 four of them said, Mr. Spitzer, it will 29.99, 39.99 for  
21 so many minutes, and there is activation fee. It's one  
22 time.

23 MR. WRIGHT: Yeah. They charged me \$35 for  
24 mine.

25 CHAIRMAN SPITZER: Yeah. That's --

1 MR. WRIGHT: I paid that, you know. But  
2 I'm not about to pay this other, if I can get out of this  
3 \$150 for a termination fee, because they didn't tell me  
4 anything about that, you know.

5 CHAIRMAN SPITZER: Mr. Penland.

6 MR. PENLAND: This \$6.50, is that on the  
7 cell phone, too, or just on a land line?

8 CHAIRMAN SPITZER: I don't believe it's on  
9 the cell phone. Cell phones have their own charges, but  
10 that's not one of those charges.

11 Okay. Yes, sir.

12 MR. HUTTSELL: May I respond to something?

13 CHAIRMAN SPITZER: Please, absolutely. And  
14 if you could identify yourself.

15 MR. HUTTSELL: I will. My name Curt  
16 Huttshell. I'm a regulatory manager for Frontier, and I'll  
17 just -- I don't have an answer for all of the issues that  
18 were raised, but I will say that we'll work with Brad  
19 Morton and we'll get you an explanation of any item that  
20 you don't believe you understand on your telephone bill.

21 But just to talk about a few things, the \$6.50  
22 charge, that's a Subscriber Line Charge that's imposed by  
23 the federal government. It actually is meant to pay for  
24 costs that were once billed on a usage-sensitive basis.

25 Ms. Lutz mentioned that she was very happy with

1 the cost of her long distance calling. That's one of the  
2 reasons, among many, that your long distance calling is  
3 cheaper today than it was 10 or 20 years ago. Costs that  
4 were once recovered on a usage-sensitive basis are now  
5 covered on a flat basis, and that's an interesting charge.

6 The LNP Surcharge, Local Number Portability,  
7 that, too, is a charge, an interstate charge that is meant  
8 to cover costs, as you suspected, of being able to  
9 transfer your number to a competitor of ours. The  
10 competitor doesn't pay the fee. We cover the costs. You  
11 pay the fee.

12 MS. LUTZ: But if I don't do that, why are  
13 you charging me?

14 MR. HUTTSELL: Because we must recover  
15 those costs, and we are required to bear those costs.

16 MS. LUTZ: But I am not incurring that  
17 cost. I resent it.

18 MR. HUTTSELL: I have complete sympathy  
19 with your position.

20 MR. DONAHUE: No, you don't.

21 MR. HUTTSELL: However, we have spent  
22 hundreds of thousand of dollars in Arizona alone arranging  
23 our system so that we can transfer numbers to our  
24 competitors. In this area and, in fact, all of Arizona,  
25 those numbers can be transferred to wireless carriers.

1 MS. LUTZ: This is your business. It is  
2 part of private enterprise and capitalism, and it is a  
3 cost to the business, not to the customer.

4 CHAIRMAN SPITZER: Mr. Huttshell, why don't  
5 you explain the origin of how the FCC came up with the --  
6 I guess there is a distinction between what's authorized  
7 and what's mandated.

8 MR. HUTTSELL: Well, the LNP Surcharge is  
9 authorized. It must be approved by the Federal  
10 Communications Commission.

11 CHAIRMAN SPITZER: It's not a mandatory tax  
12 by the federal government, but the FCC permits the company  
13 to make it.

14 MR. HUTTSELL: But the FCC permits us to  
15 recover our costs, and they approve the charge. The  
16 charge is a tariffed charge, and we must submit evidence  
17 of our costs.

18 MS. LUTZ: Well, sir, you haven't had any  
19 costs from me.

20 MR. HUTTSELL: I recognize that. We're not  
21 happy about having to do that. Among other things, it  
22 causes us to subsidize our competitors. The Digitone  
23 Service charge, that's your touch-tone charge, and that is  
24 an optional charge. You do not have to pay the Digitone  
25 charge.

1           However, you must recognize that if you do that,  
2   you will not be able to use automated telephone systems.  
3   We've all had the experience of calling up the bank, the  
4   sporting goods store, or the retail establishment, or the  
5   state government and it says, "If you have a touch-tone  
6   phone, you can proceed. If you don't, stay on the line  
7   and someone will talk to you."

8           And we've all had the experience of staying on  
9   the line. That charge is a tariff charge approved by the  
10   Corporation Commission.

11                   COM. MAYES: Curt, can I ask you a quick  
12   question?

13                   MR. HUTTSELL: Sure.

14                   COM. MAYES: Is your company doing as  
15   Mr. Donahue suggests and telling people they have to have  
16   Digitone if they live in Lake Havasu?

17                   MR. HUTTSELL: I can't speak for all of our  
18   customer care representatives. They are instructed not to  
19   say that. They are instructed to say something on the  
20   order of what I just said, that it's not a mandatory  
21   charge but you will have some trouble accommodating to  
22   modern technology if you don't have it.

23                   MR. DONAHUE: I've never had any trouble.  
24   And it's a farce and the people in the office telling me  
25   "But you must have it. You won't be able to do your

1 banking. You won't be able to contact this or you won't  
2 be able to contact that."

3 I said, "Why can't I just stay on the line, and  
4 someone will answer, and I'll be able to talk to a person  
5 instead of a robot?"

6 And they shook their heads and they crossed it  
7 off. They had to go to the supervisor and cross it off  
8 the thing.

9 MR. HUTTSELL: Well, as part of the  
10 slamming and cramming -- the Commission's slamming and  
11 cramming rules, we have to submit our scripts. So we  
12 should look at those scripts and see what we say.

13 But our customer care representatives are not  
14 supposed to say that this is required. And if you find  
15 that they do say that, let us know. Of 105,000 customers,  
16 I'm just told only about half have no Digitone service.

17 MR. DONAHUE: That's still \$50,000 a month.

18 MR. HUTTSELL: Wayne, with regard to your  
19 problem with Sprint, I don't wish to defend Sprint, but  
20 most cellular companies have a period of about two weeks  
21 after you get your phone that you can turn it back at no  
22 expense to you if you're not satisfied with the service.

23 I'll direct you to Mohave Cellular, and they  
24 will explain the contract to you and give you that  
25 two-week option, but most cell companies do that.



1 With respect to Mr. Donahue, and Mr. Donahue  
2 gets a senior discount of 17 percent. Any Arizona  
3 resident of 65 years or older. He's entitled to that  
4 discount. That's by state law. That's a statute. We  
5 must provide the 17 percent.

6 MR. DONAHUE: But you don't tell them that.  
7 You just charge them; and if they ask for it, then they  
8 might get it.

9 MR. HUTTSELL: And you're entitled to that.  
10 And you can contact the Department of Economic Security if  
11 you want an explanation. I think Brad will back me on  
12 that.

13 MR. PENLAND: What percent was that?

14 MR. HUTTSELL: It's 17 percent. You're  
15 entitled to a 17 percent discount on your local phone  
16 bill.

17 COM. MAYES: Curt, do you tell people that  
18 they are entitled to that?

19 MR. HUTTSELL: I don't know. I'll have to  
20 check. I don't think -- We're not entitled to ask people  
21 how old they are. I'm not sure if we can make that  
22 decision, but the Department of Economic Security  
23 administers that program.

24 MS. LUTZ: Do I have to go down to DES to  
25 get a discount on my phone bill?

1 MR. HUTTSELL: No. You can get a form sent  
2 to your home. You fill that out, and it goes back to DES,  
3 and they process it through the phone company. And we  
4 report back to DES how many customers we have.

5 MS. LUTZ: That will help some.

6 MR. WRIGHT: You say that's after 65?

7 MR. HUTTSELL: Yes.

8 I'm not sure what Mr. Donahue's situation is.  
9 But if you're a Lifeline customer -- and that's a federal  
10 program that gives you discounted local phone service --  
11 the subscriber line charge, the 6.50 a month is waived.

12 So if your income level meets a certain  
13 threshold or if you participate in certain public  
14 assistance programs, you're entitled to -- you qualify to  
15 Lifeline assistance.

16 CHAIRMAN SPITZER: Is that the percentage  
17 of poverty level, the income?

18 MR. HUTTSELL: Yes. It's also based on  
19 participation in certain public assistance programs,  
20 health programs, et cetera.

21 MR. DONAHUE: But they don't tell you that  
22 when you sign up or when you put up your deposit for  
23 telephone.

24 MR. HUTTSELL: Yes, we do. And there is  
25 actually two programs. There is a Lifeline program, which

1 is monthly resource report, and there is a Link-up program  
2 that will help pay for the installation charges.

3 CHAIRMAN SPITZER: And these are federal  
4 programs?

5 MR. HUTTSELL: Yes, sir.

6 The Gore tax. If you look on your Frontier  
7 bill, if you're a Frontier long distance customer --  
8 Mr. Donahue may be both a Frontier long distance --  
9 Frontier FCA, Frontier Communications of America -- and an  
10 AT&T customer.

11 You have to make two choices for your long  
12 distance company. You have to make an Intralata choice  
13 and an Interlata choice, and many customers don't realize  
14 that.

15 MR. DONAHUE: No. They don't tell them  
16 that either.

17 MR. HUTTSELL: The Red, White, and Blue  
18 Service, we'll get you an explanation of that. We'll get  
19 the Commission an explanation of that. The Red, White,  
20 and Blue Services is ours, the Frontier Communications of  
21 America.

22 And what it is is a bulk program, whereby a  
23 customer pays a small recurring monthly fee, and for that  
24 recurring fee gets a discount on their long distance per  
25 minute charges.

1 CHAIRMAN SPITZER: So it's only long  
2 distance?

3 MR. HUTTSELL: Yes. The Red, White, and  
4 Blue Service is only long distance.

5 MR. PEBLEY: Steve Pebley. I'm an  
6 operations manager here in --

7 THE COURT REPORTER: Say your name again.

8 MR. PEBLEY: Stephen Pebley.

9 The White plan would be, say, \$.08 a minute and  
10 no service fee. The Red plan may be \$.06 a minute and a  
11 \$.99 fee. And the Blue plan may be a \$4.99 fee and \$.05 a  
12 minute.

13 And, you know, you offer that to the customer  
14 based off of what they think their long distance usage is  
15 going to be every month whether they would go into one of  
16 those three plans.

17 CHAIRMAN SPITZER: And it's for both  
18 Intralata and Interlata?

19 MR. PEBLEY: I believe so, yeah. Yes,  
20 because there is a charge. Say, the out-of-state calls  
21 may be \$.07, and interstate may be \$.08. So it's usually  
22 explained when you choose.

23 MS. LUTZ: So it all depends on how much  
24 long distance service you do each month?

25 MR. PEBLEY: Right.

1 MS. LUTZ: If you don't have any calls,  
2 you're better off not to have the Red, White, and Blue at  
3 all.

4 MR. PEBLEY: Right, exactly. But you'll  
5 pay a higher minutes of usage for those calls.

6 MR. HUTTSELL: The Gore tax. There is, on  
7 your telephone bill today, a charge on the Interstate  
8 portion of your bill. And currently, it is 8.9 percent.  
9 It's similar to an interstate sales tax or at least a  
10 telephone excise tax.

11 It does go to support schools, libraries, and  
12 rural healthcare institutions. And it's part of the  
13 Universal Service Fund from which Frontier draws at the  
14 federal level, and it enables us in part to keep our local  
15 phone rates in Mohave County down to \$9.40 a month.

16 That charge is also portable. Wireless carriers  
17 like AllTell can become eligible telecommunications  
18 carriers and draw from that fund.

19 CHAIRMAN SPITZER: Now, that fund existed  
20 prior to the Gore, did it not, prior to the Kennard?

21 MR. HUTTSELL: I don't believe the rural  
22 healthcare in schools and libraries did.

23 CHAIRMAN SPITZER: The rate increased, but  
24 the tax was there.

25 MR. HUTTSELL: That's correct.

1 CHAIRMAN SPITZER: So all the FCC did was  
2 increase the rate of tax to provide more money.

3 MR. HUTTSELL: Yes, and figure out  
4 different ways of spending.

5 CHAIRMAN SPITZER: Right. But the  
6 Universal Service Funds had existed for a long time.

7 MR. HUTTSELL: The Universal Service Fund  
8 came about at divestiture to help rural telephone  
9 companies.

10 CHAIRMAN SPITZER: So it came in '83?

11 MR. HUTTSELL: Yes, it did.

12 Mr. Penland?

13 MR. PENLAND: Yes.

14 MR. HUTTSELL: Customers would be well  
15 advised to think about when they switch long distance  
16 companies. I'm not sure how your problem arose, but we  
17 have frequently had the problem, as I think Brad will  
18 attest, that a customer will call us -- Frontier, their  
19 local telephone company -- and switch from AT&T to MCI,  
20 but they won't tell MCI.

21 And what happens is MCI sees a new customer, a  
22 customer that they have never dealt with before, and they  
23 put that customer on their highest priced calling plan,  
24 typically about \$.25 a minute. That's a familiar rate per  
25 minute.

1           So if you switch long distance companies, you  
2   want to make sure that the long distance company you  
3   switch to knows that you're coming and set up an account,  
4   and then they will present you with the various calling  
5   plans that you're able to avail yourself of.

6           CHAIRMAN SPITZER: What I would suggest  
7   is -- and I do this. I monkey around with the Prescott  
8   line, again, just to check on things, particularly with  
9   the slamming rules, to make sure they're being enforced.

10           And what you do is you could research on the  
11   internet and then make the phone call or just make the  
12   phone call and call long distance company XYZ and find out  
13   what their plans are.

14           And, Ms. Lutz, you said you have very low  
15   monthly long distance. You probably want to stay away  
16   from a plan that has a monthly charge and pick the plan  
17   and get that clearly identified. And then the long  
18   distance company that you call, let's say it's MCI, they  
19   will do the third-party verification.

20           So they will transfer you to a person who is  
21   independent who will corroborate that you want to switch,  
22   because this was in response to people who were switched  
23   without their consent.

24           MR. PENLAND: No. I did everything right.  
25   I just notified CenturyTel that I wanted their long

1 distance plan. They were supposed to take care of AT&T,  
2 even though I talked to a couple of customer reps that  
3 said, "Well, you better call AT&T and tell them." Well, I  
4 did.

5 CHAIRMAN SPITZER: You did?

6 MR. PENLAND: I did.

7 CHAIRMAN SPITZER: You did what you were  
8 supposed do.

9 MR. PENLAND: I did what they said --

10 CHAIRMAN SPITZER: The AT&T billing people  
11 would not cooperate?

12 MR. PENLAND: -- but it still didn't work.  
13 Absolutely nothing worked until I called the Utilities  
14 Commission.

15 CHAIRMAN SPITZER: That's interesting.

16 One last remark?

17 MR. HUTTSELL: We make mistakes, too, and  
18 the process of switching a customer to the correct -- to  
19 his preferred long distance company, sometimes we mess  
20 that up. But as soon as the customer learns of it and  
21 tells us or as soon as we get a complaint from the  
22 Corporation Commission, we make that change.

23 Then finally, the \$.60 charge that Mr. Donahue  
24 spoke about, that's a separate charge for a calling card,  
25 Frontier Communications of America calling card. And



1 that's a warning that if you go to a pay phone and use  
2 that calling card, there will be a \$.60 surcharge on that  
3 call.

4 CHAIRMAN SPITZER: So if Mr. Donahue  
5 doesn't use a calling card, it doesn't apply?

6 MR. HUTTSELL: That's correct. And he  
7 would have to use the calling card at a pay phone for it  
8 to apply.

9 CHAIRMAN SPITZER: That's the only way that  
10 applies?

11 MR. HUTTSELL: That's correct.

12 MR. DONAHUE: Well, see, I didn't  
13 understand. It was too vague for me. I thought they were  
14 going to automatically put a \$.60 charge on my bill.

15 MR. HUTTSELL: But if you will give copies  
16 of your bill to Mr. Morton and make sure that your name  
17 and telephone number appear on the copy that you give him,  
18 then we'll be able to give you a complete explanation of  
19 any item you don't understand on there.

20 MR. DONAHUE: Oh, I've gotten all of them  
21 so far.

22 MR. HUTTSELL: Okay.

23 CHAIRMAN SPITZER: Okay.

24 MR. HUTTSELL: Thank you.

25 CHAIRMAN SPITZER: Thank you.

1 Do we have anything further before we adjourn?

2 MR. PENLAND: In defense of anything that  
3 somebody might say against Frontier, my wife thinks they  
4 are the greatest company on the face of the earth after  
5 dealing with the one we got in Colorado. So for  
6 anybody --

7 CHAIRMAN SPITZER: Mrs. Penland doesn't  
8 want to go on the record?

9 MR. PENLAND: -- who gripes about your  
10 service needs to move where we lived part of the year.

11 CHAIRMAN SPITZER: Commissioner Mayes.

12 COM. MAYES: I was just going to say I  
13 obviously -- I appreciate, Curt, your willingness to admit  
14 that you screw up every once in a while, so do we.

15 MR. HUTTSELL: Sure.

16 COM. MAYES: But I do find that a lot of  
17 times rural phone companies are more responsive to  
18 Commissioners and even sometimes to the customers than  
19 some of these big phone giants can be. So that doesn't  
20 mean they're perfect and that doesn't mean that we can't  
21 improve.

22 But I think, you know, a lot of these companies,  
23 you know, like Frontier, Midvale that operates down in  
24 Prescott, Tabletop, that does Bagdad, Arizona, they see it  
25 as their mission to help people in rural areas, so...

1 CHAIRMAN SPITZER: Right, and they are  
2 providing services that the big guys weren't interested in  
3 because there wasn't -- New York City, one square block,  
4 is more money, you know, than most of Yavapai County, let  
5 alone Bagdad.

6 And then in southeastern Arizona, we have  
7 cooperatives that are customer-owned that don't have  
8 shareholders to deal with.

9 So we thank you. We appreciate each and every  
10 one of you to taking the time to come out, and your  
11 testimony is helpful for us as we move forward.

12 We again thank you very much, and we stand  
13 adjourned.

14 (The public comment concluded at 2:30 p.m.)  
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1 STATE OF ARIZONA )  
2 ) SS.  
3 COUNTY OF MOHAVE )  
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5 I, BONNIE LINDSEY, Certified Court Reporter,  
6 No. 50715, for the State of Arizona, do hereby certify  
7 that the foregoing printed pages constitute a full, true,  
8 and accurate transcript of the proceedings had in the  
9 foregoing matter, all done to the best of my skill and  
10 ability.

11 WITNESS my hand this 3rd day of December, 2004.  
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15 BONNIE C. LINDSEY, RPR  
16 Certified Court Reporter  
17 Certificate No. 50715  
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